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Pamphlets on commerce



AMERICAN OCEAN-MARINE.

REASONS AGAINST ADMITTING FOREIGN BUILT
SHIPS TO AMERICAN REGISTER, AND
IN FAVOR OF GRANTING

TEMPORARY AID

TO

AMERICAN SHIP OWNERS.

PRESENTED TO THE SUB-COMMITTEE OF THE COMMITTEE
ON FINANCE OF THE SENATE, TO WHOM WAS RE-
FERRED THE BILL INTRODUCED BY SENATOR BECK
AMENDING THE REVISED STATUTES OF THE
UNITED STATES SO AS TO AUTHORIZE
CITIZENS OF THE UNITED STATES
TO PURCHASE FOREIGN
BUILT SHIPS.

BY

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1881.



*To the Sub-Committee of the Committee on Finance
of the Senate :*

MR. CHAIRMAN :

As one of the representatives of the National Convention of Shipowners held in Boston in October last—delegated to present to Congress the resolutions of that Convention—I desire to add something to that just spoken by our chairman in furtherance of the resolutions he has now presented.

These resolutions look to the encouragement of the ocean commerce of the United States, an industry of such importance to the whole country that a national anxiety is being awakened as to the consequences if the decline in the merchant marine of the United States, so apparent of late years, is allowed to continue.

That the difficulties and necessities attending any attempt to resuscitate our merchant marine may be fully appreciated and understood, we must refer not only to its present condition, but also to what originally created: built up and sustained it during so many years.

For this purpose allow me to bring to your notice some data, some statistics and statements of facts, of what has been done in former times by our chief competitors and ourselves to obtain and hold this ocean commerce, so important to our national safety and prosperity.

All history proves that only nations engaged in foreign commerce in their *own* vessels have become the most wealthy and the most powerful, such as Phœnicia, Carthage, Italy, Spain, Portugal, the Netherlands, Denmark, Sweden, and now Great Britain and France.

When these older nations lost their ocean marine, nearly all of them became impoverished. Look at their relative position to-day. When England broke up the foreign trade of Holland in 1785, the latter's shipping went out and the people of that country have existed since that time chiefly on the enormous accumulations from the earnings of her then extensive merchant marine. We must not allow our marine to fall into a similar decline, but instead adopt the methods by which Great Britain and France have secured so large a portion of the advantages of trade in their own ships.

The older countries never possessed or furnished products and manufactures within themselves, as we do. They chiefly relied upon carrying for others. So, when Great Britain and France became great manufacturers, and exported their products in their own ships, the merchant marine of the older nations declined and theirs prospered accordingly. Now, let the United States seize the opportunity afforded by the necessity of our competitors to purchase our products and manufactures, and grant temporarily to our shipowners an advantage in the form of bounties in carrying these products and manufactures; then the increase of the tonnage of the United States will be immediate and decided.

The supremacy of the British marine began with the laws enacted by Cromwell in 1650 and 1651, followed by the Navigation Act of Parliament under Charles II., in 1660, under which none but English subjects, with English-built ships, manned by three-quarter English crews, could trade to their colonies. The coasting trade was reserved for English vessels only, besides granting other advantages favorable to trade in their own ships.

This same Navigation Act, with such modifications as the interests of England, and hers only, dictated, remained in force 200 years, having been repealed only in 1849, to take effect January 1, 1850.

The tonnage under the English flag, including colonies,

and colonial trade, and finally enable them to reap the benefit of our coasting trade, if not to enter into its possession, flying the American flag?

Great Britain will probably, should we pass a Free Ship Bill, force us into a war, and then where would we be, without ships, without ship builders, without mariners, and the cost of freight and our ocean commerce completely at the mercy of our enemies?

Where would we procure a navy in time of war? Surely not from Great Britain. Witness her action in time of her last war with Russia, when she prevented the delivery of vessels of war building in her own private ship-yards for the Russian Government.

The United States, without a merchant marine, would soon be in the same position as Russia. The latter government, when the recruits are collected, tells off the light-bodied and nimble for the army; and those with a heavy bottom for make-weight when pulling on a rope, for sailors—the only qualification such men have for selection in manning her naval vessels. Our Navy Department would have great difficulty (already a serious matter) in finding recruits for its few ships. Indeed, it would become necessary to seek abroad for skilled engineers and experienced mariners, as was the case with Austria and Italy when they engaged in war a few years since. Austria, having extemporized a navy of wooden ships, employed officers, skilled engineers, and mariners educated in the service of other European nations, and these foreigners manœuvred her ships. Italy, in possession of a limited merchant marine of small sailing vessels, and a far superior naval force (having some iron-clad wooden frigates of the most modern construction), attempted to manage her own ships—the foreign engineers in her service having left it on the opening of hostilities—with such native officers, engineers and sailors as she could furnish. The result was a disastrous defeat for the Italians at Lissa. This defeat was entirely owing to the superior management of the

Austrian fleet. The great disadvantage to a nation in not possessing a large merchant marine, in which seamen may become thoroughly educated, is also clearly exemplified in the mishap that occurred in 1878 to the Prussian squadron on its way to the Mediterranean. This consisted of five ironclads, all of large size, and very costly ships. One was obliged to return soon after leaving port, and there remain. Another came to grief in the North Sea and had to return. The "König Wilhelm," an immense ship, originally contracted for in England by the Turkish, and afterwards purchased by the Prussian Government, collided in the English Channel with the "Grosser Kurfürst," the latter going immediately to the bottom, causing a great loss of life, and the former only able to reach the port of *another* nation in a disabled condition.

Continued and very costly efforts have heretofore and are still being made by three of these powerful nations to provide for themselves a navy. Neither Russia nor Prussia has suitable woods for the purpose, and Italy has not the iron; hence they have been compelled to resort to England and the United States for war vessels. Only very recently Russia purchased ships in this country, converting them into vessels of war, and sending crews here to man them, so as to avoid the requirement of treaties. Unless something is done by our people, and that quickly, to resuscitate the merchant marine of our country, we shall have neither ships or engine-builders, neither ship-yards nor works for building marine engines—many of these having already disappeared with their owners—nor sailors to man our ships. Then our government will be in the same predicament as the nations aforementioned.

The passage of a Free Ship Bill by Congress surrenders what we fought for in 1812, accepts the right of search, abandons the right of privateering—our only hope in the present state of our navy—a right so strongly defended by those great Democratic sages and patriots, Marcy and Cass, experienced and trusted statesmen both, but which

right their Democratic successors seem so anxious to surrender to our greatest competitor and real enemy. Why admit foreign-built ships free, with seven-eighths their cost made up of labor, and at the same time exact duties from our own builders when importing the raw pig-plate or bar iron, with little labor on it, thus protecting our iron manufacturers, built up and supported by protection, against the shipowner, whose interests and property have been destroyed by the inaction and non-protection at sea of his own Government? When the Pacific Mail Steamship Company imported English-built engines, soon after the close of the rebellion, for the purpose of putting them into steamers built with wooden hulls in this country, it was obliged to pay customs duties on these engines, as required by the tariff, which protects iron manufactures and machinery. Now, why admit the completed vessel, both hull and engine, with foreign labor expended on the whole fabric, free of duty? This most surely would be free trade, which, if adopted, would seriously affect other industries of our country?

Admission of ships to a free register means that the expenses of our Coast Survey, lighthouses and life-saving institutions would be for the benefit of foreign ship-owners—in one sense a subsidy to them, under the protection of our laws and our flag.

If our merchants shall be permitted to purchase ships in any foreign country, in peace or in war, why debar the shipbuilder from selling or delivering his goods or wares to any purchaser during peace or war, free from Government restraint, as now imposed by international law?

Great Britain sold us her manufactures until we were enabled, through the protection afforded by our tariff, to furnish our wants and compete with her in foreign markets. Now let shipowners have further and sufficient protection to enable them not only to supply home needs, but to secure a foreign market for our ships, as England has now for hers. This would enable them to keep the cost of

their manufacture at home, and bring the profits of navigation to this country, instead of buying England's manufactures in ships, as she is trying to persuade us to do, through her Cobden Clubs at home and the lectures by her agents before the clubs, and by publications in the press of this country, as well as through her advocates at Washington.

Life on the sea is one full of peculiar hardships and risks, but, at the same time, full of adventure and romance; and it attracts our youth more than agriculture, so extensive in this country, the latter paying better returns with less of hardships and risks. It is not those born on our fertile Western and Southern lands, or in pleasant climes, but those coming from our colder, sterile lands, who make our mariners. Not the Westerner or Southerner, but the New England born.. Then why do the Western and Southern men refuse to the superabundant population of the East (and not so favored as they) the aid needed to restore their ocean marine? All cannot go into manufacturing at home, or go West or South.

The United States Government deems it important, nay, finds it necessary, to impose and collect an internal revenue tax on our inland commerce. The people demur to this; but at the same time lose sight of the enormous tax they pay on our ocean commerce to foreigners. By refusing to our native shipowners the payment annually of the paltry sum of \$3,000,000 to \$5,000,000 for the establishment of steam mail lines to foreign ports (say for 20 to 25 years), they have already brought upon themselves an annual tax, in a less number of years, approaching, if not quite equal to, \$100,000,000 in payments for freights and passage-money to foreign shipowners; which tax or loss is certain to increase, with the additional loss of all the attendant business that would accrue if the freight and passenger traffic could be confined to American-built ships.

The receipt from customs or tax on our foreign commerce is greater than that from the internal revenue tax, hence

showing its importance. Surely a commerce affording such a revenue to the Government is entitled to protection for the benefit of its own citizens, as much as the internal commerce of the country.

Now what should be done to increase our merchant marine and to revive our ocean commerce?

I.—Announce to the world that the United States will in future be as free in conducting her ocean commerce as she is in her internal commerce, and, if necessary, abrogate all treaties interfering with such action. Besides, Congress should pass laws to enforce such announcement.

II.—If an additional department of the government, entitling its head to a seat in the Cabinet (as suggested by the Boston Convention), cannot be created, then let us have a Bureau of Navigation, with power to make rules and regulations.

III.—Re-enact the laws preventing the vessels of any nation, or its dependencies, from landing their cargoes upon our shores unless such vessels were built where the cargo was produced. This would be direct trade pure and simple, not free ships, but rather full protection to American industry.

IV.—The United States can do this as no other nation, for we have not only everything requisite within ourselves to maintain such a position, but we have also resources in greater abundance and better in quality than any other nation, the materials, and men with a special genius for building and navigating vessels. Let there be established an American rating for our own vessels; facilitate the establishment of marine insurance companies at home by shipowners and others, to underwrite under such rules and rating; and, if necessary, facilitate the establishment of banking houses at home and abroad, to loan money and grant letters of credit, so as to secure freight to ships built and navigated under these rules. Such rules should embrace a new system of inspection and admeasurement by displacement and not by internal measurement as now,

thus securing greater care in loading by limiting the vessel to what she can safely perform. A tax on the draft of water of vessels should be fixed that would operate against the English narrow, deep draft ships, and secure better and safer models for the newly built American vessels.

V.—Enact laws favoring formation of companies to loan money (as in Great Britain) to build ships, and similar to those enabling architects to erect buildings for commercial purposes.

VI.—Grant aid, as proposed by the Boston Convention, or otherwise, liberally at first. Establish steam mail packet lines to all, or as many as possible, of the chief commercial ports of the world. Continue this course until they are firmly and profitably established. This done, the business for the sailing ships and their owners, agents and employees will very soon be secured. But, in view of the present depression, a bounty must be given to the sailing ships for a limited number of years.

There cannot be a national and satisfactory revival of American ocean commerce without a large and prosperous steam marine, and by such means the revival must begin. Now is an opportune time to inaugurate such a restoration. Times are prosperous, and the rate of interest was never so low in this country. Whatever is done, we must be enabled to pay higher wages at sea than on land, and higher wages than paid by any other people. Those of our citizens who dwell ashore must pay the bounties to those who risk their lives at sea.

VII.—Adopt the other suggestions offered in the resolutions of the Boston Convention. Attention is called to that proposing an improvement in our consular system as one of the most important and requiring early consideration. For consular posts men of better qualifications are needed, having business talent, such as educated merchants. Politicians or lawyers are not the men wanted. Great importance is also attached to the recommendation of the Convention to pass laws limiting the personal liability of shipowners (as

in other kinds of business) to the amount of their interest in the ships, as an inducement to capitalists to once more invest in ship property. The losses attendant upon the present state of our shipowning interest have awakened shipowners to their extraordinary responsibilities, greater than in any other class of investments.

VII.—Make it obligatory on foreign vessels to take American mails on the same terms as imposed on our own ships. Otherwise refuse them a clearance, as has been done with American steamers at home.

Our government assisted the railroad companies to about \$92,000,000 of bonds and interest, besides about \$50,000,000 additional in lands, for the purpose of preventing the alienation of California and to retain its sea coast and harbors. Now the government hesitates to grant a few paltry millions of dollars to aid in creating a merchant marine, necessary to protect that coast. What supreme folly and disregard of the country's vital interests! It is a matter of utter astonishment that any citizen making the least pretensions to patriotism or statesmanship can doubt one moment as to what it is his urgent duty to do. He should vote to banish for the present and at once all further thought of the abolishing of our existing maritime laws, and this should be made known to the maritime world.

It must not be forgotten that while the railroads, to which our government pays compensation for mail service, are built by bonds given by towns, cities and states through which they run, and mortgages given on fast property; there are no towns, cities or states on the ocean along the lines traversed by mail steamers, and there is no adequate fast property, as any mortgage on a ship is liable to be absorbed at any time by a bottomry bond given to relieve vessels when in distress.

It may be mentioned that the assistance furnished by our government to the transcontinental roads enables them to charter foreign-built steamers and run them on the Pacific, to carry the mails which had previously been carried in American ships exclusively.

Instead of allowing our merchant marine to further languish and finally go out, let us adopt the policy which has brought success to our chief competitor and enabled her to re-obtain so large a share of the freightage and to gather in so much of the wealth of the world.

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